

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3563-01
Bill No.: SB 638
Subject: Ambulances and Ambulance Districts; Fire Protection; Taxation and Revenue -
Sales and Use
Type: Original
Date: January 15, 2010

Bill Summary: This proposal modifies provisions of law authorizing an emergency service sales tax in St. Louis County.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **St. Louis County** state the elimination of collection of the tax on food would reduce the estimated revenue by \$2 million a year. Therefore, the fiscal impact on this revenue would be significant.

Officials from St. Louis County also state this bill will sunset after five years and would mean total loss of the sales tax, by 2014 this will be \$14.6 million per year. Total collections for a five year period are estimated at \$57.4 million. This would not only be insufficient to implement the project (\$120 million), it would give St. Louis County no funding for operations and maintenance.

Officials from the **Department of Revenue (DOR)** state due to budget constraints, reduction of staff and the limitations within the Department's tax systems, changes cannot be made without significant impact to the Department's resources and budget. Therefore, the fiscal impact is estimated with a level of effort valued at \$4,441 for Information Technology Services. The value of the level of effort is calculated by taking 1 FTE for 1 month at \$4,441 per month for modifications to the Department's sales tax system (MITS).

DOR's Division of Collections and Tax Assistance anticipate this bill will create additional contacts regarding the tax rate reduction and would require one (1) Revenue Processing Technician at \$24,380 annually for every additional 24,000 contacts annually to the registration phone line. DOR estimates this new FTE will cost \$44,092 in FY 2011, \$42,082 in FY 2012 and \$43,343 in FY 2013.

DOR's Taxation Cashiering Section states if and when this tax is enacted by the county, the Cashiering Section anticipates incorporating the local food tax reduction rate into the existing rate line for the State Food Tax Reduction. Based upon this assumption, there would be no impact on processing.

Oversight assumes if the voters in St. Louis County pass this proposal that the Department of Revenue would have to administer the sales tax. Oversight is unsure if the sales tax will create an additional 24,000 contacts annually to warrant a FTE. General Revenue could have additional collected revenue and added administrative expense if the proposal is approved by voters.

Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their county to approve the imposition of a sales tax. Should voters approve the imposition of a sales tax there would be revenue generated as well as a decrease in revenue to be generated due to the tax exemption on food. Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

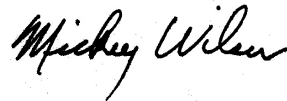
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SOURCES OF INFORMATION

Department of Revenue
St. Louis County

Not Responding:

St. Louis County Sheriff's Department
St. Louis County of Police

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 15, 2010